BEST COPY
AVAILABLE

MONTANA LEGISLATIVE HISTORY

Chapter 541 19 83

Bill H 730 S _____ Original bill & history ___C

H. Committee on Taxation			S. Committee on Taxation		
Hearing Date(s)	Feb 21	✓ C	Hearing Date(s)	Mar 10	✓ C
		C		Mar 16	✓ C
		C			C
		C			C
Date Out	Feb 21	✓ C		Mar 17	✓ C

Did this bill originate in an interim committee? ___Yes ___No

Committee _____ Report _____

BER STAND IMPROVEMENT GRANTS.

INTRODUCED: 02/11/83
REFERRED TO COMMITTEE ON APPROPRIATIONS: 02/11/83
HEARING: 3/23/83
DIED IN COMMITTEE

27 -- SHONTZ, DRISCOLL, G. JACOBSEN, ET AL. -- ESTABLISHING REQUIREMENTS FOR ANSPORTERS OF CRUDE PETROLEUM OIL AND FOR PERSONS POSSESSING CRUDE PETROLEUM OIL; D PROVIDING PENALTIES.

INTRODUCED: 02/11/83
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 02/11/83
HEARING: 2/16/83
DIED IN COMMITTEE

728 -- SHONTZ, TVEIT, COMPTON, ET AL. -- RELATING TO COUNTY CONTROL OF LITTERING ND DOGS; PROVIDING FOR COUNTY ORDINANCE POWER TO CONTROL LITTERING AND PROVIDE A ENALTY; AND PROVIDING FOR A PENALTY FOR VIOLATION OF A DOG CONTROL ORDINANCE; MENDING ....

INTRODUCED: 02/11/83
REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 02/11/83
HEARING: 2/17/83
REPORT: 02/17/83, DO PASS
2ND READING: 02/19/83, DO PASS AYES: 78; NAYS: 12
3RD READING: 02/22/83, DO PASS AYES: 81; NAYS: 16

TRANSMITTED TO SENATE: 2/22/83
REFERRED TO COMMITTEE ON PUBLIC HEALTH, WELFARE, & SAFETY: 3/1/83
HEARING: 3/21/83
REPORT: 03/21/83, BE CONCURRED IN, AS AMENDED
2ND READING: 03/23/83, BE CONCURRED IN, AS AMENDED AYES: 50; NAYS: 0
3RD READING: 03/25/83 AYES: 35; NAYS: 14

RETURNED TO HOUSE WITH AMENDMENTS: 03/25/83
2ND READING: 03/31/83, BE CONCURRED IN AYES: 89; NAYS: 0
3RD READING: 04/01/83, BE CONCURRED IN AYES: 82; NAYS: 3

TRANSMITTED TO GOVERNOR: 04/12/83
SIGNED: 04/14/83, CHAPTER 508

3 729 -- ADDY, FABREGA, J. JENSEN, ET AL. -- TO REMOVE THE PROHIBITION ON THE EXERCISE OF CERTAIN POWERS BY LOCAL GOVERNMENTS WITH SELF-GOVERNMENT POWERS; AMENDING ....

INTRODUCED: 02/11/83
REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 02/11/83
HEARING: 2/19/83
DIED IN COMMITTEE

IB 730 -- SHONTZ, ABRAMS, HARP, ET AL. -- CREATING A 10-YEAR HIGHWAY RECONSTRUCTION TRUST FUND ACCOUNT; ALLOCATING PORTIONS OF THE COAL SEVERANCE, GASOLINE LICENSE, AND SPECIAL FUELS TAXES TO THE ACCOUNT; ALLOCATING TO THE ACCOUNT ALL FUNDS RECEIVED BY THE DEPARTMENT OF HIGHWAYS PURSUANT TO SECTION ...; DIRECTING THE DEPARTMENT OF HIGHWAYS TO DEVELOP A PROGRAM FOR THE RECONSTRUCTION AND PRESERVATION OF HIGHWAYS BASED ON NEED; CHANGING THE PERCENTAGE ALLOCATION OF COAL SEVERANCE TAX PROCEEDS;

AMENDING ....
BY REQUEST OF: THE GOVERNOR'S OFFICE

INTRODUCED: 02/11/83
REFERRED TO COMMITTEE ON TAXATION: 02/11/83
HEARING: 2/21/83
REPORT: 02/21/83, DO PASS
2ND READING: 02/22/83, DO PASS AYES: 93; NAYS: 6
3RD READING: 02/23/83, DO PASS AYES: 86; NAYS: 7

TRANSMITTED TO SENATE: 2/23/83
REFERRED TO COMMITTEE ON TAXATION: 3/1/83
HEARING: 3/10/83
REPORT: 03/17/83, BE CONCURRED IN, AS AMENDED
2ND READING: 03/21/83, BE CONCURRED IN AYES: 48; NAYS: 0
3RD READING: 03/23/83 AYES: 50; NAYS: 0

RETURNED TO HOUSE WITH AMENDMENTS: 03/23/83
2ND READING: 03/31/83, BE CONCURRED IN AYES: 87; NAYS: 1
3RD READING: 04/01/83, BE CONCURRED IN AYES: 82; NAYS: 3

TRANSMITTED TO GOVERNOR: 04/12/83
SIGNED: 04/15/83, CHAPTER 541

HB 7[illegible] -- RAMIREZ, [illegible] -- TO ADOPT 1978 REVISIONS TO THE UNIFORM FEDERAL LI
REGISTRATION LAW; AMENDING ....

INTRODUCED: 02/12/83
REFERRED TO COMMITTEE ON JUDICIARY: 02/12/83
HEARING: 2/17/83
REPORT: 02/17/83, DO PASS
2ND READING: 02/19/83, DO PASS AYES: 93; NAYS: 0
3RD READING: 02/22/83, DO PASS AYES: 96; NAYS: 2

TRANSMITTED TO SENATE: 2/22/83
REFERRED TO COMMITTEE ON JUDICIARY: 3/1/83
HEARING: 3/21/83
REPORT: 03/21/83, BE CONCURRED IN
2ND READING: 03/23/83 AYES: 50; NAYS: 0
3RD READING: 03/25/83 AYES: 49; NAYS: 0

RETURNED TO HOUSE: 03/25/83

TRANSMITTED TO GOVERNOR: 04/01/83
SIGNED: 04/05/83, CHAPTER 396

HB 732 -- HARPER, KOEHNKE, STOBIE -- TO REPEAL PROVISIONS ON OPTIONAL FORMS OF COU
GOVERNMENT IN ORDER TO ELIMINATE CONFUSION AND DUPLICATION WITH OTHER LAWS RELATING
ALTERNATIVE FORMS OF LOCAL GOVERNMENT APPLICABLE TO COUNTIES; REPEALING ....

INTRODUCED: 02/12/83
REFERRED TO COMMITTEE ON LOCAL GOVERNMENT: 02/12/83
HEARING: 2/18/83
REPORT: 02/21/83, DO PASS
2ND READING: 02/22/83, DO PASS AYES: 92; NAYS: 0
3RD READING: 02/23/83, DO PASS AYES: 99; NAYS: 0

he had talked with the department's attorney and asked if the state has the authority to set schedules for taxation. The attorney said yes, the state does have that authority.

REPRESENTATIVE WILLIAMS asked if there might not be a problem with discrimination since the state is picking out taxpayers paying more than 25% in taxes when a bond is issued. Mr. Groepper said there might be problems when a company or corporation is protected under federal regulation.

MR. GROEPPER said the department does not have a position on HB 697 but if this committee is looking for advice, he said the state has a statute for prepayment of taxes and the state could institute something like a postpayment of taxes.

REPRESENTATIVE DOZIER said he didn't think this bill does what the sponsor wants it to do and this committee should give the bill a quiet death. For that reason, Representative Dozier moved HB 697 BE TABLED.

The motion was voted on and PASSED. All committee members voted yes except Representatives Asay, Harp, Keenan, Nordtvedt and Zabrocki, who voted no.

The committee then went back to the hearings portion of the meeting.

REPRESENTATIVE SHONTZ, sponsor of HB 730, could not be found so Representative Abrams, cosponsor of the bill, presented the bill.

HOUSE BILL 730

REPRESENTATIVE HUGH ABRAMS, District 56, cosponsor of HB 730, said he had not prepared a presentation on this bill.

REPRESENTATIVE ABRAMS said HB 730 is an act creating a 10-year highway reconstruction trust fund account; allocating portions of the coal severance, gasoline license, and special fuels taxes to the account; allocating to the account all funds received by the Department of Highways pursuant to Section 17-3-201, MCA; directing the Department of Highways to develop a program for the reconstruction and preservation of highways based on need; changing the percentage allocation of coal severance tax proceeds.

REPRESENTATIVE ABRAMS turned the presentation of the bill over to Gary Wicks, Director of the Department of Highways.

Proponents

MR. GARY WICKS said when he talked before the Taxation Committee

on HB 16, he presented a list of priorities and needs for Montana's highways. One of those priorities was to complete the interstate system. The department proposed to do that with a bonding program which would require no additional revenue but would allow the department to complete the interstate system earlier than the original proposal. The second priority was to do something about the primary system. Over half of the primary system has an efficiency rating of below 60% and 10% of the primary system is in critical need of repair.

HOUSE BILL 730, the reconstruction trust account, addresses the problem with the primary system. The funding mechanism for this program would be to increase the fuel tax, which has already been passed out of this committee. Other funding mechanisms would be to take the Highway Patrol funding out of the earmarked highways fund and instead, fund the Highway Patrol out of the state general fund, and to use coal tax money. This is a program of preventive service. House Bill 730 allows HB 16 to be put to work. House Bill 730 will allow the department to perform maintenance work, such as seal coats, which is not covered by federal funding.

HOUSE BILL 730 will accomplish the following:

1. Sets up a reconstruction trust account. This is a ten-year program.

2. Allocates enough funds out of the coal severance tax, out of the mineral royalties. Money from the fuels tax will be appropriated to this account.

3. Allows the Department of Highways to spend money outside of the financial district laws.

4. Provides for a priority to areas that are impacted by mineral development. (Which complies with the Attorney General's opinion.)

5. Provides authorization for a preservation program. (Seal coats and overlays that do not add to the structural strength of the highways, and, therefore, are not covered by federal funding.)

MR. WICKS said earmarked money from the coal tax would be used for the highways. The department would not be taking money from the coal trust fund. The Department of Highways would capture the growth expected in the coal tax (in 1986 and 1987) and use that money for highways. There would be no reduction in the coal tax money.

MR. WICKS said HB 730 is keyed to revitalization of the primary system in the state of Montana.

MARY NIELSEN, representing Women Involved In Farm Economics (WIFE), rose in support of HB 730. She read a prepared statement to the committee. (See EXHIBIT 2.) Ms. Nielsen said the recent federal legislation increasing fuel taxes in April does little to help our primary road system. The biggest concern is the current speculation that the federal government will vote to designate highway funding on an "equal turnback basis", meaning a further $30 million or so less for our highways. At the state convention last October, WIFE voted overwhelmingly to apportion 25% of the coal severance tax trust fund into Montana's highways.

BEN HAVDAHL, representing the Montana Motor Carriers Association, supports HB 730. He said the ability to spend funds in the highway reconstruction fund without restrictions of the financial districts is a real plus. He said the highways financial districts and the restrictions they created over the years is one reason our highways are in the condition they are in.

MIKE STEPHEN, representing the Montana Association of Counties, said we are destined to try to improve Montana roads. The only area of concern is the allocation of funds outside the financial districts law. He said he hoped the department will expend the funds throughout the state according to need. Priority should be given to those projects necessitated in whole or in part by the impact of mineral development.

Opponents

SARAH PARKER, representing the State Library Commission, testified in opposition to HB 730. The libraries use coal tax funds to support library federations and to share resources through interlibrary loans. Libraries would receive 1% of 44% in 1986 and 1987 and 1% of 38% in 1988. If the bill passes, libraries would have two alternatives: 1) to request money from the general fund; or 2) to cut services. If services are cut, access to materials would be a function of where one lives or the wealth of the local library.

REPRESENTATIVE KEN NORDTVEDT also opposes HB 730. He said part of the bill is a camouflaged way of taking general fund money to fund the highways. He said HB 730 impacts the general fund considerably. There may not be a growth in the coal revenue. He said Montana should take money from the trust account because that money is in the form of bonds and the purchasing power is lowered more and more each year.

REPRESENTATIVE ABRAMS, in closing, said HB 730 is a set up to capture the growth of the increase in coal tax. He said we could have a decline in production, but we might have an increase. Representative Abrams recommended a do pass on HB 730.

Questions from the committee were heard at this time.

REPRESENTATIVE ASAY referred to line 19, page 4, of the bill and asked if the 6% of the coal severance tax is 6% of the 50% or 6% of the total tax. Mr. Wicks said it is 6% of the total tax.

REPRESENTATIVE REAM asked if he was correct in saying this is an accelerated program over the next ten years to bring our highways up to standard. After that, the state would maintain some standard. Mr. Wicks said we are trying to make up for a number of years of neglect of the primary system. Like other states, if Montana wants to do something about the highway system, we have to spend state dollars. Every two years the department will have to come before the legislature and ask for an appropriation and at the end of the two year period, we will see if this kind of program should be extended in the future.

REPRESENTATIVE NORDTVEDT referred to the section on deposits of gas and oil royalties. It says the state treasurer shall pay 37 1/2% of the moneys received from the treasurer of the United States as the state's share of gas, oil, and other mineral royalties.... He asked what is included in the other mineral royalties. Mr. Wicks said Montana gets 50% of all mineral royalties earned on public lands in Montana. Thirty-seven and a half percent of that money is allocated to highways and schools. All of that money will be put into the reconstruction account. Representative Nordtvedt asked if coal is included in the other mineral royalties. Mr. Wicks said yes.

REPRESENTATIVE HARRINGTON was present at the meeting at this time.

REPRESENTATIVE HARP asked if the reconstruction trust account is going to be separate from the earmarked account. Mr. Wicks said yes.

REPRESENTATIVE DEVLIN asked Mr. Wicks if he would oppose the following amendment: Following the sentence, "Priority must be given to those projects necessitated in whole or in part by the impact of mineral development" add "in an allocation directly in proportion to the collections of federal minerals leased within that highway district." Mr. Wicks said he would be opposed to that amendment. The department has to give a priority in the use of the money but they also have to distribute the money in the way the legislature sets it. It is better to give priority to those impacted areas instead of setting up allocations.

REPRESENTATIVE SWITZER asked how much impact will the decision of the highway commission have on the determination on impact money. Mr. Wicks said they have to approve every project we have to spend money on.

REPRESENTATIVE HARP said for so long, we have been tied to the financial districts law and it is hard to move away from such a law. Is there any other state in the union that has a financial districts law like Montana. Mr. Wicks said he could not find one.

The hearing on HB 730 was closed.

CHAIRMAN YARDLEY asked for a concensus from this committee as to whether this committee should take action on this bill or wait until after transmittal.

REPRESENTATIVE NORDTVEDT said HB 730 is a major bill and there is no reason to rush through executive action on the same day the bill was heard. He said it is clearly a revenue bill.

REPRESENTATIVE NILSON said if HB 730 is a revenue bill, this committee should not do anything before transmittal because the House has a lot of work to do between now and Wednesday night.

REPRESENTATIVE HARP said he is concerned with the fact that if this bill is not passed by the 45th legislative day, the Senate may not accept the bill.

REPRESENTATIVE NILSON moved this committee DELAY ACTION ON HB 730 UNTIL THE 45th LEGISLATIVE DAY, AT LEAST.

REPRESENTATIVE HARRINGTON said we have to recognize the question of whether or not this bill will be accepted by the Senate.

CHAIRMAN YARDLEY said HB 730 has a delayed effective date and that is the only difference between this bill and other bills the Senate has agreed to take after the 45th legislative day.

CHAIRMAN YARDLEY said this committee won't take action on HB 730 today. He also said a motion is not needed to delay action.

REPRESENTATIVE NILSON withdrew his motion.

The meeting was adjourned at 10:40 a.m.

DAN YARDLEY, Chairman

Vicki Lofthouse, Secretary

WITNESS STATEMENT

Name Sara Parker Committee On Taxation

Address 1616 E. Sixth Date February 21, 1983

Representing State Library Commission and Montana Library Association Support

Bill No. HB 730 Oppose X

Amend

AFTER TESTIFYING, PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

1. Libraries use coal tax funds to support library federations and to share resources thru interlibrary loan.
2. Libraries would receive 1% of 4% in 1986-87 - and 1% of ~~3~~ 3.8% in 1988; Amount would be $48,000 per year and $96,000 per year at present coal tax levels.
3. If bill passes, libraries would have two alternatives - to request amount in general funds or cut services.
4. If services cut, access to materials would be a function of where one lives or the wealth of the local library.

Itemize the main argument or points of your testimony. This will assist the committee secretary with her minutes.

FORM CS-34
1-83

VISITOR'S REGI

HOUSE _____ Tax· ITTEE

BILL House Bill 730 2-21-83

SPONSOR Representative Sho

NAME	RESIDENCE		SUP-PORT	OP-POSE
Mary Person	Missoula, Lake			
Lorraine Tucker	Helena			
Tony Wick	Helena			
Bentsondahl	Helena	Mine		
KEITH OLSON	Kalispell	MT. Lo		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

FORM CS-33

February 21, 83
19

MR. SPEAKER:

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 730

First reading copy (White Color)

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A 10-YEAR HIGHWAY RECONSTRUCTION TRUST FUND ACCOUNT; ALLOCATING PORTIONS OF THE COAL SEVERANCE, GASOLINE LICENSE, AND SPECIAL FUELS TAXES TO THE ACCOUNT; ALLOCATING TO THE ACCOUNT ALL FUNDS RECEIVED BY THE DEPARTMENT OF HIGHWAYS PURSUANT TO SECTION 17-3-201, MCA; DIRECTING THE DEPARTMENT OF HIGHWAYS TO DEVELOP A PROGRAM FOR THE RECONSTRUCTION AND PRESERVATION OF HIGHWAYS BASED ON NEED; CHANGING THE PERCENTAGE ALLOCATION OF COAL SEVERANCE TAX PROCEEDS; AMENDING SECTIONS 15-35-108 AND 17-3-201, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

Respectfully report as follows: That HOUSE Bill No. 730

DO PASS

DAN YARDLEY,
Chairman.

STATE PUB. CO.
Helena, Mont.

back to the House. They worked on this for two years and had no opponents, he said.

CONSIDERATION OF HOUSE BILL 730: Representative John Shontz, House District 53, said this bill establishes for a 10-year period a highway reconstruction trust account. It provides flexibility to the highway department to use the funds for the most needed highway systems. It has been thought we should use coal tax funds for highways. This is an opportunity for the legislature to appropriate funds from there for the highway system.

PROPONENTS

Gary Wicks, director of the Department of Highways, said this is the vehicle that puts the fuel tax increase in HB 16 to work to start reconstruction in Montana. Over a 10-year period, $10 million to $40 million a year will go into the system to deal with critical areas of highways. Work will begin in 1985. This conforms with federal law and the attorney general's opinion on federal law which requires priority be given to impact areas. We have never had a pavement preservation program. HB 730 sets up what represents a strong opinion of people in Montana to take coal tax money to spend on the highways. In 1986, we propose to earmark 6% of the trust to the highway program and in 1987 to raise it to 12%. It is important to note that the impact on the [illegible] account would be only slight. HB 730 sets up revenues and gives authority, and also asks for an appropriation. Mr. Wicks said he believes HB 730 and HB 16 are essential to the highway systems in Montana, and we have to capitalize on that opportunity; otherwise, the primary system will not remain primary much longer.

Mons Teigen, representing the Montana Stockgrowers Association and the Montana Highway Users Federation, said they support HB 730. Maybe some effort should be made to get a more firm basis for funding highways from the permanent coal trust fund or other coal money.

Larry Tobiason, Montana Automobile Association, said their board recommended supporting HB 730 unanimously and supported coal tax money being used for it. It is important that we establish another method of funding highways as well as by a gas tax.

Mike Stephen, representing the Montana Association of Counties, said HB 730 does indicate long-range thinking in the funding of roads, especially the primary and secondary systems. They support the bill but are opposed to any redefining of the financial districts.

Senator Larry Tveit, Senate District 27, supported HB 730 and agreed that some coal tax money should be used for roads.

Chad Smith, representing the Montana Land Improvement Contractors Association, said they find themselves in a depressed system at this time, and they feel this comes at a time when they can build Montana's economy.

Mike Fitzgerald, Montana Trade Commission, supported HB 730.

Keith Olson, Montana Logging Association, supported HB 730.

The following also wished to go on record as supporting HB 730:

Robert Helding, Montana Wood Products Association;
Bill Olson, Montana Contractors Association;
Ben Havdahl, Montana Motor Carriers Association;
Keith Anderson, Montana Taxpayers Association;
Dave Goss, Billings Area Chamber of Commerce; and
Senator Pat M. Goodover, Senate District 22.

OPPONENTS

There were no opponents to HB 730.

Questions from the committee were called for.

Senator Towe stated that he understood section 1(2)(a) and (b) but asked what (c) was. Mr. Wicks said (2)(c) is part of the gas tax collection. Subsection (a) is separate. Earmarked money is taken out of coal severance tax collections and put into the reconstruction account. The mineral royalties are put into the reconstruction account in the earmarked revenue fund and then whatever else the legislature thinks is appropriate from the fuel tax revenues.

Representative Shontz closed, saying HB 730 gives the Highway Department authority to use state funds on highway projects without having to go through the feds.

CONSIDERATION OF HOUSE BILL 621: Representative Jack Ramirez, House District 64, said this bill relating to taxation of small business corporations conforms Montana law to federal law. It originated with the taxation committee of the State Bar of Montana. The maximum number of shareholders is raised from 10 to 35. A revocation of the election used to take place if one person refused to consent to the election; now, it is shareholders holding more than one half of the shares of stock on the day on which the revocation is made consenting to the revocation. Section 3, amending 15-31-205, MCA, allows a husband and wife to be treated as one shareholder. Section 4, amending 15-31-207, MCA, deals with trusts or estates owning stock.

PROPONENTS

Walter Murfitt, representing the State Bar of Montana, hoped HB 621 would be approved because if it wasn't, Montana would

ROLL CALL

SENATE TAXATION COMMITTEE

48th LEGISLATIVE SESSION -- 1983 Date 3/10/83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓ arrive 9:50		

(All visitors sign this sheet even if not testifying.)

DATE March 10, 1983

COMMITTEE ON TAXATION (SENATE)

VISITORS' REGISTER

NAME (PLEASE PRINT)	REPRESENTING	BILL #	Check One: Support	Oppose
Bill Verwolf	City of Helena	HB 16	✓	
Larry Tobiason	M.A.A.	"		
		HB 730	✓	
Jeff Sanderson	Mont. Logging Assn Mont Lumbermens Assn	HB 730 HB 16	✓	
Norma e Buck	MMIT IONP	HB 16	✓	
Ben Havdahl	Mont. Motor Carriers	HB 16 HB 430	✓	
Jo Brunner	WIFE	HB 16	✓	
Dave Torgerson	Mont Taxpayers Association MT Stockgrowers - Woolgrowers	HB 16 HB 730	✓	
John H Morrison	M-W Inc	HB 16	✓	
Harry Simons	Mont S.O.N.A.	HB 16	✓	
Doug Alexander	Mont. I.O.M.A.	HB 16	✓	
Dan Gregg	Billings Area Chamber of Commerce	HB 16 HB 730	✓	
Virginia Hickey	Gov. of Billings Chamber	HB 16	✓	
Howard Schwartz	Missoula County	HB 16	✓	
Jim Van Hoesdale	Billings City	HB 16	✓	
Bill Olson	MT Contractors	HB 16	✓	
Keith Anderson	Montana Taxpayers	HB 730 HB 16	✓	
Laura Zitko (for Jim Murry)	AFL-CIO	HB 621		✓
Allen	Billings	HB 16	with amendments ✓	
Ron Tipton	Ben & Wife Windsor Inn	HB 16		
Gary Wicks	MDOH	HB 16 HB 730	✓	
Bill Adams	CIT Bank	HB 16	-	
KEITH OLSON	MT. Logging Assn.	HB 16 730	✓	
Alec Hansen	League of Cities	HB 16	✓	
Dave Hunt	Senator Dist 27	HB 16 HB 730	✓	
		HB 16	✗	

(All visitors sign this sheet even if not testifying.)

DATE March 10, 1983

COMMITTEE ON TAXATION (SENATE)

VISITORS' REGISTER

NAME (PLEASE PRINT)	REPRESENTING	BILL #	Check One	
			Support	Oppose
Bob Helding	Mt. Wood Products Assn	HB 730 HB 16	✓	
Chad Smith	Mont Land Improvement Coop	HB 16 HB 730	✓ ✓	
Mike Snyder	MT Assn. of Co	HB 16 HB 730	✓ ✓	
Mike Young	City of Missoula	HB 16	✓ Amend	

Sections 2, 3, and 4 (7-34-2133, -2134, and -2417, MCA) relate to hospital districts. A hospital district can be small or countywide, or there can be more than one in a county. When raising mill levies, in Chouteau County, for instance, where they have two hospital districts, the raise may be only within one district. The hospital mill levy gives the district the ability to support the hospital with as much as it takes to keep the doors open. If a levy is not sufficient, a district can ask that it be raised for a two-year period, and then they have to go back at the end of the two years to ask to exceed the budget authority again if they still need additional funds.

Senator McCallum noted that the county poor fund is separate under HB 58.

Mrs. Gibson stated that she did not want section 1 (levy of county taxes) in the bill anyway; that came from another bill. If hospital districts are established, they cannot also collect out of the poor fund.

Chairman Goodover appointed a subcommittee of Senators McCallum and Towe and the committee's staff attorney, Cort Harrington, to review the whole chapter and arrive at recommendations for the committee to act on.

CONSIDERATION OF SENATE JOINT RESOLUTION 23: Senator Turnage felt the study should include credits, exemptions, exclusions, deductions, and so on. Chairman Goodover appointed a subcommittee of Senators Mazurek, Towe and Turnage to come up with amendments to present to the committee for review and action.

CONSIDERATION OF HOUSE BILL 730: Senator Crippen moved that HB 730 BE CONCURRED IN, and then withdrew his motion.

Senator Towe noted that this is the highway reconstruction account, which consists of severance tax collections, oil and gas royalties, and now the gas tax.

Gary Wicks from the Department of Highways agreed with Senator Towe.

Senator Towe moved that the following amendment be adopted:

Page 3, line 2.
Strike: "subsection"
Insert: "subsections (2)(a) and"

The motion was seconded and passed unanimously.

Mr. Wicks stated that they were in the process of consolidating the present 12 financial districts to 5 districts. He said he was sure the governor would sign the bill regarding the districts (HB 7). They received additional funds for the highway program

which could be used in the primary system. Their object was to minimize the impact on the Montana taxpayer. There are a couple of projects in financial districts 5 and 3 which would overrun what is allowed by present law ($358,000 for the project in district 5 in 1984 and $1.2 million for the project in district 3 in 1985). There is no other bill that would accommodate them. See Exhibit C, a map of the highway projects scheduled.

Senator Elliott moved that the following amendments, suggested by the Department of Highways, be adopted:

Page 3, line 10.
Following: line 9
Insert: "(1)"

Page 3.
Following: line 21
Insert: "(2) In order to accommodate changes in the financial district structure and implementation of the reconstruction program, the department may suspend the 25% overrun limitation on the allocation of federal aid primary funds for fiscal years 1984 and 1985."

The motion was seconded and passed unanimously.

The committee adjourned at 10 a.m.

Patty Goodover
Chairman

ROLL CALL

SENATE TAXATION COMMITTEE

48th LEGISLATIVE SESSION -- 1983 Date 3/16/8

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN			✓
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE	✓		
SENATOR MAZUREK	✓		

Jerry Foster, administrator of the Natural Resources and Corporation Tax Division of the Department of Revenue, said they had some concern regarding the language in the investment credit statute. Corporations with up to 35 shareholders would then be eligible for the credit. But he felt HB 621 was workable with the department.

Senator Lynch withdrew his motion to table HB 621.

Senator Turnage moved that the amendments attached as Exhibit 6 (Representative Ramirez's amendments) be adopted. The motion was seconded and passed unanimously.

Cort said that the investment credit policies are not addressed by the amendments just adopted.

Senator Lynch moved that HB 621, as amended, be tabled. The motion was seconded.

Senator Elliott said the purpose in amending here is to avoid paying the 6 3/4% tax set out in 15-31-121, MCA, and just pay the 2% to 11% tax in 15-30-103. The accountants would prefer SB 414 over HB 621.

A vote was taken on Senator Lynch's motion to table, and it passed unanimously.

Senator Elliott will try to resolve the lawyer/accountant differences with the supporters of these bills today.

DISPOSITION OF HOUSE BILL 730: Senator McCallum moved that HB 730 BE CONCURRED IN AS AMENDED (the amendments were adopted on March 16). The motion was seconded and passed, with Senator Eck voting no. Senator McCallum will carry the bill on the floor.

CONSIDERATION OF HOUSE BILL 126: Senator Eck said the difference between her bill (SB 89) and Representative Kitselman's HB 126 is that his bill provides for 3% of the bond principal up front. Cities charge from 2% to 7% for the administrative costs of preparing an SID. HB 126 allows a maximum of 3% of the principal to be charged by counties to cover expenses. The 5% that goes into the revolving fund was approved two years ago for SIDs (7-12-4169(2), MCA) and helps take care of delinquency problems.

Senator Eck moved that HB 126 BE CONCURRED IN.

Senator Norman said maybe the committee should consider taking the 5% out of the bill. Representative Kitselman, the sponsor of the bill, had told Senators McCallum and Hager that he didn't object to the 5% coming out.

Senator Turnage said there is an 8% potential built into this bill. Senator Eck's concern about Bozeman needing to add this 3% to cover costs is correct, he said, but Bozeman would still

ROLL CALL

SENATE TAXATION COMMITTEE

48th LEGISLATIVE SESSION -- 1983 Date 3/17/83

NAME	PRESENT	ABSENT	EXCUSED
SENATOR GOODOVER, CHAIRMAN	✓		
SENATOR McCALLUM, VICE CHAIRMAN	✓		
SENATOR BROWN	✓		
SENATOR CRIPPEN	✓		
SENATOR ELLIOTT	✓		
SENATOR GAGE	✓		
SENATOR TURNAGE	✓		
SENATOR SEVERSON	✓		
SENATOR HAGER	✓		
SENATOR ECK	✓		
SENATOR HALLIGAN	✓		
SENATOR LYNCH	✓		
SENATOR NORMAN	✓		
SENATOR TOWE		✓	
SENATOR MAZUREK	✓		

STANDING COMMITTEE REPORT

March 17 1983

MR. PRESIDENT

We, your committee on taxation

having had under consideration House Bill No. 730

Shontz (McCallum)

Respectfully report as follows: That House Bill No. 730

third reading copy, be amended as follows:

1. Page 3, line 2.
Strike: "subsection"
Insert: "subsections (2)(a) and"

2. Page 3, line 10.
Following: line 9
Insert: "(1)"

3. Page 3,
Following: line 21
Insert: "(2) In order to accommodate changes in the financial district structure and implementation of the reconstruction program, the department may suspend the 25% overrun limitation on the allocation of federal aid primary funds for fiscal years 1984 and 1985."

And, as so amended,
BE CONCURRED IN
~~DO PASS~~

Pat M. Goodover Chairman.

STATE PUB. CO.
Helena, Mont.